Energy Efficiency Funding in the Midwest

Minnesota

- Conservation Improvement Plan (CIP) legislation requires utility investment in energy efficiency programs with State oversight into planning and evaluation.
    - Utilities are required to file Integrated Resource Plans with the state, which are used to determine investment levels.
    - Utilities are allowed to recovery CIP expenses through annual rate adjustments and recovery is based on a performance incentive.
- Electric utilities invest a minimum of 1.5% to 2% of their gross operating revenues
    - $51.4 million in 2003
- Natural gas utilities invest a minimum 0.5% of their gross operating revenues
    - $12.2 million in 2003

Wisconsin

- The state-administered "Focus on Energy" is a public benefits program funded by a fixed charge on customer bills. The utilities pay into a segregated account through the Wisconsin Department of Administration.
- Electric utilities invested $47.6 million in 2003
- Natural gas utilities invested $13.9 million in 2003

Iowa

- Regulated utilities are required to file energy efficiency plans with the Iowa Utilities Board. Utilities are allowed cost recovery through an automatic adjustment mechanism.
- Electric utilities invested $36 million in 2003
- Natural gas utilities invested $12 million in 2003

Ohio

- The Energy Efficiency Revolving Loan Program is funded by a rate rider on the electric bills of Ohio's five investor-owned electric utilities. The riders will be eliminated when the loan fund reaches $100 million or by January 1, 2011, which ever comes first. Beginning January 1, 2001, the rider is 0.10758mils/kWh which will generate $15 million per year for the next five years.

Michigan

- The Low Income and Energy Efficiency Fund was established as part of the 2000 deregulation process. Detroit Edison is the only utility contributing to the fund at a rate of $40 million per year. Only approximately $11 is invested in energy efficiency, the remaining goes toward bill pay assistance programs.

Kentucky, Missouri and Indiana

- These states do not have statewide energy efficiency programs.

National Energy Efficiency Funding Examples

California

- Energy efficiency is a core element of resource procurement for California's investor-owned natural gas and electric utilities. They are required to invest in energy efficiency whenever it is cheaper than power plants.
    - The utilities administer energy efficiency programs as a central part of their integrated demand- and supply-side resource portfolios.

Vermont

- Efficiency Vermont is the state's administrator for energy efficiency programs. As an independent energy efficiency utility, Efficiency Vermont's purpose is to administer, design, market and implement the state's energy efficiency programs.

- The state's electric distribution utilities collect an energy efficiency charge on all retail bills to generate $14 million to $17.5 million per year. This is roughly 2.9mils/kWh
    - An independent fiscal agent receives funds from the state's distribution utilities and distributes them to Efficiency Vermont on approval by the Public Service Board.

Pennsylvania

- The Alternative Energy Portfolio Standard adopted in 2004 includes energy efficiency with a suite of other environmentally beneficial energy sources including renewable energy.
    - Energy efficiency gains are measured by their carbon equivalency offset, or the carbon emissions avoided because the electricity was not generated.